

LAN-DEL WATER DISTRICT

FINANCIAL STATEMENTS
(with Independent Auditors' Report thereon)

For the years ended December 31, 2014 and 2013

LAN-DEL WATER DISTRICT
TABLE OF CONTENTS
For the years ended December 31, 2014 and 2013

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements:	
Statements of Net Position	3
Statements of Revenues, Expenses, and Changes in Net Position	4
Statements of Cash Flows	5
Notes to the Financial Statements	7
Supplementary Information:	
Schedule of Insurance in Force	17



Kramer & Associates CPAs, LLC
Making the right move for your business

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members of
Lan-Del Water District
Lansing, Kansas

Report on the Financial Statements

We have audited the accompanying basic financial statements of Lan-Del Water District (the District) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits in accordance with the Kansas Municipal Audit and Accounting Guide and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Lan-Del Water District, as of December 31, 2014 and 2013, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Insurance in Force is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Insurance in Force is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Insurance in Force is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

KRAMER & ASSOCIATES CPAs, LLC

Kramer & Associates CPAs, LLC
Leavenworth, Kansas
May 6, 2015

LAN-DEL WATER DISTRICT
STATEMENTS OF NET POSITION
December 31,

	2014	2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 745,771	\$ 797,265
Cash restricted for bond principal and interest	141,340	140,017
Certificates of deposit	872,194	1,310,985
Accounts receivable	124,176	121,786
Prepaid expenses	8,534	8,299
Inventory	<u>112,309</u>	<u>118,274</u>
Total current assets	<u>2,004,324</u>	<u>2,496,626</u>
Capital assets, net of accumulated depreciation	<u>6,753,815</u>	<u>6,167,406</u>
Other assets:		
Restricted certificates of deposit:		
Restricted for bond reserve	110,716	110,361
Restricted for unemployment claims	12,075	11,967
Loan costs, net of accumulated amortization	<u>-</u>	<u>1,024</u>
Total other assets	<u>122,791</u>	<u>123,352</u>
Total assets	<u>8,880,930</u>	<u>8,787,384</u>
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	160,000	160,000
Accounts payable	43,579	51,011
Accrued liabilities	73,427	70,772
Accrued interest	<u>5,200</u>	<u>6,267</u>
Total current liabilities	<u>282,206</u>	<u>288,050</u>
Noncurrent liabilities:		
Long-term debt	<u>620,000</u>	<u>780,000</u>
Total noncurrent liabilities	<u>620,000</u>	<u>780,000</u>
Total liabilities	<u>902,206</u>	<u>1,068,050</u>
NET POSITION		
Net investment in capital assets	5,973,815	5,227,406
Restricted	264,131	262,345
Unrestricted	<u>1,740,778</u>	<u>2,229,583</u>
Total net position	<u>\$ 7,978,724</u>	<u>\$ 7,719,334</u>

The accompanying notes are an integral
part of the financial statements.

LAN-DEL WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the years ended December 31,

	2014	2013
Water sales	\$ 1,750,366	\$ 1,854,360
Cost of water purchased	<u>676,373</u>	<u>702,821</u>
Gross profit	<u>1,073,993</u>	<u>1,151,539</u>
Operating expenses:		
Salaries	364,964	323,068
Depreciation	267,503	254,311
Employee health insurance	59,233	50,712
Professional fees	35,015	38,860
Office supplies	33,257	38,556
Sales tax	31,128	35,655
Payroll taxes	27,915	24,644
Computer services	24,331	7,886
System maintenance	24,109	135,377
Insurance	23,798	21,664
Engineering fees	17,420	24,037
Vehicle	15,981	15,759
Retirement	15,651	14,718
Utilities	15,190	13,559
Telephone and internet	14,709	14,538
Regulatory taxes and testing	8,545	8,792
Accounting fees	6,840	6,720
Building maintenance	4,557	6,334
Uniforms	4,193	2,794
Employee benefits	2,206	4,227
Supplies and small tools	2,102	1,560
Amortization	1,024	1,197
Miscellaneous	285	19
Equipment maintenance	276	99
Bank service charges	<u>30</u>	<u>70</u>
Total operating expenses	<u>1,000,262</u>	<u>1,045,156</u>
Operating income	<u>73,731</u>	<u>106,383</u>
Non-operating revenue (expense):		
Rental income	21,055	19,552
Interest income	3,570	9,372
Gain on asset disposals	-	3,000
Miscellaneous income (expense)	(28)	(2,544)
Interest expense	<u>(17,733)</u>	<u>(54,077)</u>
Total non-operating revenue (expense)	<u>6,864</u>	<u>(24,697)</u>
Income before capital contributions	80,595	81,686
Patron capital contributions	<u>178,795</u>	<u>56,500</u>
Change in net position	259,390	138,186
Net position - beginning of year	<u>7,719,334</u>	<u>7,581,148</u>
Net position - end of year	<u>\$ 7,978,724</u>	<u>\$ 7,719,334</u>

The accompanying notes are an integral
part of the financial statements.

LAN-DEL WATER DISTRICT
STATEMENTS OF CASH FLOWS
For the years ended December 31,

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,747,976	\$ 1,844,529
Cash paid to employees	(364,515)	(323,849)
Cash paid to suppliers	<u>(1,042,640)</u>	<u>(1,181,229)</u>
Net cash provided by operating activities	<u>340,821</u>	<u>339,451</u>
Cash flows from capital related financing activities:		
Proceeds from the sale of capital assets	-	3,000
Purchase of capital assets	(853,912)	(369,566)
Patron contributions	178,795	56,500
Principal payments long term debt	(160,000)	(160,000)
Interest paid on long term debt	(18,800)	(20,839)
Other receipts (payments)	21,027	17,008
Bond issuance costs	<u>-</u>	<u>4,662</u>
Net cash used by capital related financing activities	<u>(832,890)</u>	<u>(469,235)</u>
Cash flows from investing activities:		
Net activity of certificates of deposit	438,791	(8,618)
Net activity of restricted assets	(1,786)	(129,256)
Interest received	<u>3,570</u>	<u>9,372</u>
Net cash provided (used) by investing activities	<u>440,575</u>	<u>(128,502)</u>
Net increase in cash	(51,494)	(258,286)
Cash balance at beginning of year	<u>797,265</u>	<u>1,055,551</u>
Cash balance at end of year	<u><u>\$ 745,771</u></u>	<u><u>\$ 797,265</u></u>

The accompanying notes are an integral
part of the financial statements.

LAN-DEL WATER DISTRICT
STATEMENTS OF CASH FLOWS
For the years ended December 31,

	<u>2014</u>	<u>2013</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	<u>\$ 73,731</u>	<u>\$ 106,383</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	268,527	255,508
(Increase) decrease in:		
Accounts receivable	(2,390)	(9,831)
Other receivable	—	809
Inventory	5,965	(15,350)
Prepaid expenses	(235)	901
Increase (decrease) in:		
Accounts payable	(7,432)	(2,415)
Accrued liabilities	<u>2,655</u>	<u>3,446</u>
Total adjustments	<u>267,090</u>	<u>233,068</u>
Net cash provided by operating activities	<u><u>\$ 340,821</u></u>	<u><u>\$ 339,451</u></u>

The accompanying notes are an integral
part of the financial statements.

LAN-DEL WATER DISTRICT
Notes to the Financial Statements
For the years ended December 31, 2014 and 2013

1. Summary of significant accounting policies

a. Reporting entity

Lan-Del Water District (the District) was established as a tax-exempt organization to acquire water and water rights and to build and acquire pipelines for the purpose of furnishing water to owners and occupants of land located within the District. Total customers as of December 31, 2014 and 2013 were 2,984 and 2,934, respectively.

b. Basis of presentation and basis of accounting

Basis of presentation:

The following fund type comprises the financial activities of the District for the year ended December 31, 2014.

Proprietary fund category:

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The District has one type of proprietary fund:

Enterprise fund: Used to account for any activity in which a fee is charged to an external user for goods or services. However, they must be used to account for activities (a) that are financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity, (b) when laws or regulations require that the activity's cost of providing services, including capital costs, such as depreciation or debt service, be recovered with fees and charges (not taxes), or (c) the pricing policies of the activity establish fees and charges designed to recover its costs. Such operations are financed and operated in a manner similar to private businesses and are intended to be self-supporting through charges to users.

Basis of accounting:

The District has established a system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The proprietary fund financial statements are reported using the total economic resources measurement focus and the accrual basis of accounting.

c. Investments and cash flows

Investments in money market instruments, including certificates of deposit, are recorded at cost plus any accrued interest.

For the purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

1. Summary of significant accounting policies (continued)

d. Accounts receivable

The District reads meters at the end of each month and invoices are mailed. Payments for water service are due on or before the 15th day of the following month. Failure to pay by the 26th of the month following the meter reading will result in a discontinuance of service. Water rates for the District as of December 31, were as follows:

	2014	2013
Rate per unit:		
0-2	\$13.45	\$13.20
3-150	\$ 5.29	\$ 5.10
151-500	\$ 4.40	\$ 4.35
501-1,000	\$ 3.35	\$ 3.25
Over 1,000	\$ 3.25	\$ 3.15

A unit equals 748 gallons of water.

The District directly writes-off accounts that management considers to be uncollectible. Management considers all remaining accounts receivable to be collectible.

e. Capital assets

Purchased capital assets are stated at cost less accumulated depreciation. Contributed capital assets are reported at estimated fair value at the time received.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Depreciation methods and estimated useful lives of capital assets reported in the proprietary funds are as follows:

	Depreciation method	Estimated useful life
Buildings	Straight-line	10 - 40 years
Equipment	Straight-line	3 - 20 years
Extensions	Straight-line	10 - 60 years
Furniture and fixtures	Straight-line	5 - 20 years
Software	Straight-line	5 - 10 years
Reservoir	Straight-line	5 - 40 years

The cost of maintenance and repairs is charged to income as incurred; significant renewals and betterments are capitalized.

f. Inventory

Inventory is valued at the lower of average cost (first-in, first-out method) or market. Inventory consisted of materials and supplies at year-end.

1. Summary of significant accounting policies (continued)

g. Equity classifications

In the statement of net position, equity is shown as net position and classified into three components:

1. Net investment in capital assets - consisting of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, leases, or other borrowings that are attributable to the acquisitions, construction, or improvements of those assets.
2. Restricted - consisting of assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District first utilizes restricted resources to finance qualifying activities.
3. Unrestricted - remaining portion that does not meet the definition of "net investment in capital assets" or "restricted."

h. Patron capital contributions

Contributions from District members for line extensions are included in the statements of revenues, expenses, and changes in net position as patron capital contributions.

A tap is the right that entitles the holder to water service. Taps are presently sold for \$2,600 - \$10,900, depending on the size of the water line. Tap sales are included in the statements of revenues, expenses, and changes in net position as patron capital contributions.

i. Income taxes

The District is considered a tax-exempt entity and is not subject to income taxes at either the federal or state level.

j. Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

k. Sales tax

The District collects sales tax from customers and remits the entire amount to taxing jurisdictions. The District's policy is to include the tax collected in revenue and taxes remitted as an operating expense.

2. Stewardship, compliance, and accountability

a. Budgetary information

The District is not subject to statutory budget requirements.

b. Compliance with Kansas statutes

Management is not aware of any statutory violations for the period covered by the audit.

3. Deposits and investments

At December 31, 2014, the Board had the following investments and maturities, including certificates of deposit:

Investment Type	Fair Value	Investment Maturities in Years	
		Less than 1	1 - 5
Certificates of deposit:			
Citizens National Bank	\$ 202,633	\$ 202,633	\$ -
Citizens Savings & Loan Association	248,822	248,822	-
Commerce Bank	110,716	110,716	-
Country Club Bank	259,382	259,382	-
First State Bank & Trust	<u>173,432</u>	<u>173,432</u>	<u>-</u>
Total	<u>\$ 994,985</u>	<u>\$ 994,985</u>	<u>\$ -</u>

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Board has no investment policy that would further limit its investment choices. The rating of the District's investments, if available, is noted on the following page.

3. Deposits and investments (continued)

Concentration of credit risk. State statutes place no limit on the amount the Board may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The District's allocation of investments as of December 31, 2014, is as follows:

Investment Type	Rating	Percentage
Certificates of deposit:		
Citizens National Bank	Not Available	20.4%
Citizens Savings & Loan Association	Not Available	25.0%
Commerce Bank	Not Available	11.1%
Country Club Bank	Not Available	26.1%
First State Bank & Trust	Not Available	17.4%

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at December 31, 2014.

At December 31, 2014, the District's carrying amount of deposits was \$1,882,096 and the bank balance was \$1,913,604. The bank balance was held by five banks resulting in a concentration of credit risk. Of the bank balance, \$1,032,732 was covered by the federal depository insurance, and the remaining \$880,872 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

4. Property and equipment transactions

	Costs			Balance December 31, 2014
	Balance December 31, 2013	Additions	Disposals	
Land	\$ 234,132	\$ 727,500	\$ -	\$ 961,632
Building	872,854	-	-	872,854
Equipment	897,107	784	-	897,891
Extensions	6,987,930	117,674	-	7,105,604
Furniture and fixtures	135,868	7,892	2,960	140,800
Software	76,915	-	-	76,915
Reservoir	452,889	-	-	452,889
Operational asset total	<u>9,657,695</u>	<u>853,850</u>	<u>2,960</u>	<u>10,508,585</u>
Construction in progress	<u>(62)</u>	<u>62</u>	<u>-</u>	<u>-</u>
Total costs	<u>\$ 9,657,633</u>	<u>\$ 853,912</u>	<u>\$ 2,960</u>	<u>\$ 10,508,585</u>

	Accumulated Depreciation			Balance December 31, 2014
	Balance December 31, 2013	Additions	Disposals	
Land	\$ -	\$ -	\$ -	\$ -
Building	236,727	26,966	-	263,693
Equipment	353,366	52,987	-	406,353
Extensions	2,333,147	159,823	-	2,492,970
Furniture and fixtures	97,597	10,075	2,960	104,712
Software	69,679	7,041	-	76,720
Reservoir	399,711	10,611	-	410,322
Total accumulated depreciation	<u>\$ 3,490,227</u>	<u>\$ 267,503</u>	<u>\$ 2,960</u>	<u>\$ 3,754,770</u>

5. Long-term debt

	<u>Beginning balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending balance</u>	<u>Due in one year</u>
Revenue bonds:					
Series 2012	\$ 940,000	\$ -	\$ 160,000	780,000	160,000

In November 2003, the District issued Water System Refunding and Improvement Revenue Bonds (Series 2003) in the amount of \$2,170,000 in order to improve its water supply system by the construction, installation, equipping, and acquisition of certain improvements and to refund a portion (\$535,000) of the outstanding Series 1997 Water System Revenue Bonds. The Series 2003 Bonds bear interest at rates ranging from 1.45% to 4.80%.

In September 2012, the District issued \$1,100,000 of Water System Refunding Revenue Bonds (Series 2012) with an interest rate of 2.0% in order to advance refund the Series 2003 bonds maturing on September 1, 2014 and thereafter on September 1, 2013. The net proceeds of \$1,092,164 (after issuance costs) plus an additional \$78,131 from the District's Bond Reserve Account were deposited in an irrevocable trust with an escrow agent to provide all future debt service payments on the Series 2003 bonds. As a result, the Series 2003 bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

As a result of the advance refunding, the District reduced its aggregate debt service payments by \$145,731 over the next five years and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$65,000.

Maturities of long-term debt of Lan-Del Water District at December 31, 2014, are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 160,000	\$ 15,600	\$ 175,600
2016	165,000	12,400	177,400
2017	170,000	9,100	179,100
2018	<u>285,000</u>	<u>5,700</u>	<u>290,700</u>
	780,000	<u>\$ 42,800</u>	<u>\$ 822,800</u>
Less current maturities	<u>(160,000)</u>		
Total	<u>\$ 620,000</u>		

Principal payments are due annually on September 1. Interest payments are due semi-annually on February 1 and August 1.

5. Long-term debt (continued)

Provisions of the bond ordinances make the following requirements for the District to assure profitable operation and timely repayment of debt:

- a. Establishment of rates adequate to insure a debt service ratio of at least 125 percent. For the years ended December 31, 2014 and 2013, the debt service ratios were 194 percent and 200 percent, respectively.
- b. Establishment of a bond reserve account, into which the District shall transfer \$15,000 each month until the account aggregates to \$110,000. The money in the bond reserve account may be used to call the bonds for redemption and payment prior to their maturity. At December 31, 2014 and 2013, the balance in the bond reserve account was \$110,716 and \$110,361, respectively.
- c. Establishment of a separate account to provide for the payment of principal and interest each year. The District is required to make monthly deposits to this account equal to 1/6th of the next maturing interest payment and 1/12th of the next maturing principal payment. The required balance at December 31, 2014 and 2013 was \$58,500 and \$59,600, respectively. The actual balance at December 31, 2014 and 2013 was \$141,340 and \$140,017, respectively.

6. Compensated absences liabilities

Full time employees with 0-4 years of service will accumulate one day a month or twelve days of annual leave per year. Employees with 5 to 14 years of service will accumulate 1.5 days per month or 18 days of annual leave per year. Employees with 15+ years of service will accumulate 2 days per month or 24 days of annual leave per year. Employees hired prior to October 1, 2001 can carry forward an unlimited amount of annual leave to the next calendar year. Employees hired after October 1, 2001 can carry forward no more than 240 hours of annual leave to the next calendar year.

All full time employees are entitled to sick leave pay. Each full time employee accrues one working day of sick pay each month of service. There is no maximum amount of accumulation of sick leave. Upon retirement, the retiree shall be paid for one-third of the unused sick leave.

At December 31, 2014 and 2013, the compensated absences liability totaled \$72,978 and \$70,772, respectively, and is included in the accrued liabilities amount on the statement of financial position.

7. Water purchase contract

The District contracted to purchase water from the Board of Public Utilities of Kansas City, Kansas (the City). Under the contract, the City is required to sell water to the District with a minimum purchase of 50 gallons per minute. The rate charged to the District is subject to review and adjustment at any time a general rate change is approved by the City for like purchasers provided that the City shall provide to the District six months written notice of any proposed adjustments in the payment rate. During the year ended December 31, 2014, the District purchased 97,306 units of water from the City and paid an average of \$2.00/unit. During the year ended December 31, 2013, the District purchased 99,850 units of water from the City and paid an average of \$1.99/unit.

7. Water purchase contract (continued)

The District contracted to purchase water from the Leavenworth Waterworks Board, City of Leavenworth. Water purchased by the District in excess of 192,000 units for each calendar year shall be billed at a rate not to exceed the rate charged to the District by the Board of Public Utilities of Kansas City, Kansas. During the year ended December 31, 2014, the District purchased 239,831 units of water from the Leavenworth Waterworks Board and paid an average of \$2.00/unit. During the year ended December 31, 2014, the District purchased 265,014 units of water from the Leavenworth Waterworks Board and paid an average of \$1.97/unit.

8. Rental income

The District rents tower and ground space to a communications company under a noncancelable operating lease. The lease expires in April 2020. Future minimum rentals to be received under this lease agreement as of December 31, 2014 are as follows:

2015	\$ 7,412
2016	22,682
2017	23,362
2018	24,063
2019	24,785
2020	8,343
Total	<u>\$ 110,647</u>

9. Concentration of credit risk

The District is engaged in the sale of water to customers located in Leavenworth County, Kansas. The District grants credit to those customers and requires no collateral.

10. Defined contribution retirement plan

The District has a Salary Reduction Simplified Employees Pension (SARSEP) whereby, the eligible employees defer up to 15% of their compensation and the District will contribute a percentage at its discretion. The District currently makes quarterly contributions of 5% of the employees' gross income. During the years ended December 31, 2014 and 2013, the District contributed \$15,651 and \$14,718, respectively, to the plan.

11. Other post-employment benefits

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for the coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

12. Risk management

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, and injuries to employees. The District manages these various risks of loss through insurance policies. See the Schedule of Insurance in Force for details of the various insurance policies.

13. Date of management's review

Management evaluated subsequent events through May 6, 2015, the date the financial statements were issued, and determined that there were no additional adjustments and/or disclosures required.

SUPPLEMENTARY INFORMATION

LAN-DEL WATER DISTRICT
SCHEDULE OF INSURANCE IN FORCE
For the year ended December 31, 2014

Policy Type	Expiration Date	Company	Annual Premium	Amount of Coverage	Description
General liability	7/1/2015	AMCO Insurance Company	\$3,387	\$1,000,000	Aggregate limit
				\$500,000	Each occurrence limit
				\$100,000	Property damage limit
				\$500,000	Personal and advertising injury limit
Commercial property	7/1/2015	AMCO Insurance Company	\$6,407	\$1,006,900	Building property
				\$463,900	Personal property
Auto	Various	Employers Mutual Casualty Co.	\$5,113	\$500,000	Liability
				\$500,000	Uninsured motorists
				\$500,000	Underinsured motorists
Commercial crime	7/1/2015	Nationwide Mutual Insurance Co.	\$161	\$5,000	Inside premises
				\$2,000	Outside premises
Workers compensation	7/1/2015	Nationwide	\$7,113	\$500,000	Bodily injury by accident
				\$500,000	Bodily injury by each employee
				\$500,000	Bodily injury by policy limit

See Independent Auditors' Report